HOUSING RESEARCH

Residential Mortgage Industry Report

Spring 2024

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Canada

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Table of Contents

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This report provides highlights of the most recent trends in the residential mortgage industry alongside findings from our research. This integrated narrative around housing finance focuses on topics that are relevant for both policy and business decisions. This report contributes to more stable and affordable markets by providing targeted information and insights that lead to enhanced risk-based decisions.

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HIGHLIGHTS

Under current interest rate conditions, more mortgage holders find themselves in precarious financial situations; the financial buffer they were able to build up during the pandemic has been exhausted.

Mortgage delinquency rates increased from historically low levels during the last quarter of 2023, as consumers' financial stress begins to reach the mortgage market.

Borrowers are continuing to opt for shorter-term, fixed-rate mortgages despite lenders offering large discounts on five-year, fixed-rate mortgages. Both lenders' and borrowers' behaviour indicate an expectation that interest rates will fall in the coming years.

Chartered banks mortgage activity is growing, but is being driven by increasing renewals and a rebound in refinances. Despite longer amortizations increasing risk, lower loan-to-value and total debt service ratios suggest risk decreased in 2023 compared to 2022.

The risk profile of alternative lenders is increasing, as evidenced by increases in delinquency and foreclosure rates. Further, the share of first lien mortgages is decreasing for alternative lenders which exposes them to greater loss in the event of default.

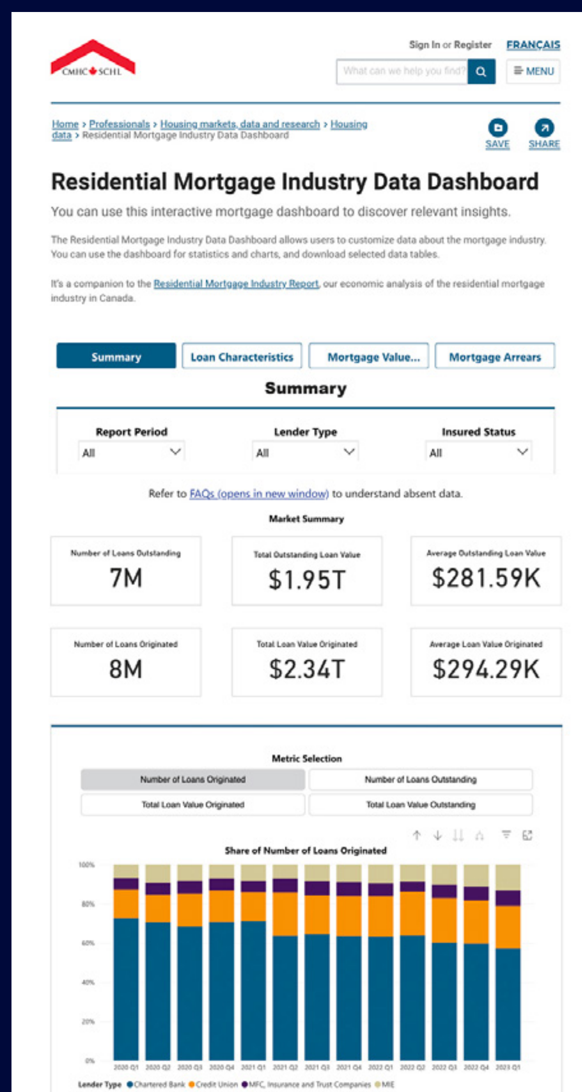
Go Back to Table of Contents

Explore The Data

Remember, you can always access most of the data by using the interactive mortgage dashboard to discover more insights that are relevant to you. The Residential Mortgage Industry Data Dashboard is a digital interactive companion to the Residential Mortgage Industry Report.

VISIT WEBSITE TO GET STARTED

https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/residential-mortgage-industry-data-dashboard



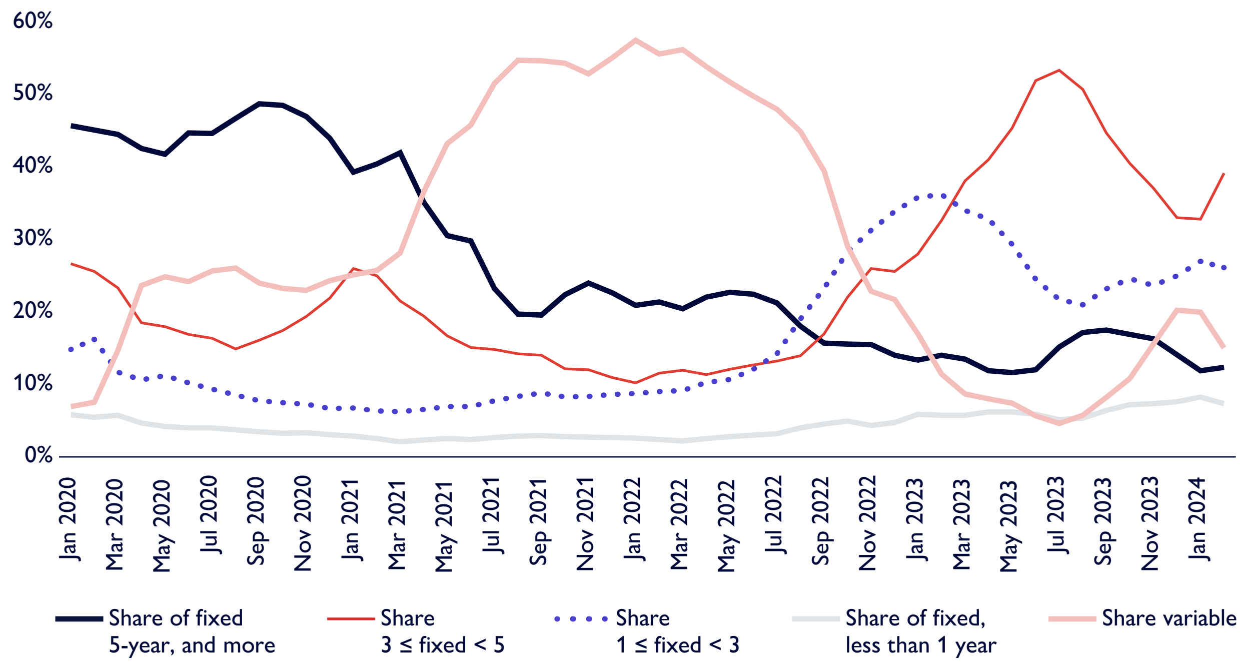
Recent Mortgage Market Trends: The Big Picture

Uncertainty in the mortgage interest rate outlook is driving decision making. With both borrowers and lenders expecting interest rates to fall in the coming years, discounts on fixed-term mortgages are increasing and shorter mortgage terms are becoming more popular. Further, mortgage debt continues to grow but at a slower pace, with the Big 6 banks taking an increasing share of the market.

- As of February 2024, residential mortgage debt stood at 2.16 trillion (+3.4% compared to February 2023), representing the softest growth in nearly twenty-three years. Nonetheless, the slowdown in mortgage growth could prove to be short-lived. Persistent high inflation and uncertainty around the potential decrease in the Bank of Canada's (BoC) interest rate had cooling effects across the country in 2023. As a result, resale housing activity softened while home prices declined across many regions in the second half of the year. However, as published in our Housing Market Outlook[1] we are anticipating higher home sales and prices over the coming years, fueled by declining mortgage rates, strong population growth and increases in real disposable incomes. This could lead to mortgage debt growing faster in the coming years.
- Noteworthy increases in the discount for fixed-term mortgages was registered in the first two month of this year, representing a reversal of the trend from the last half of 2023. This indicates that lenders are foreseeing potential rate cuts by the BoC occurring sooner than they anticipated last year and are seeking to lock in mortgages at relatively high rates. Despite the increasing discount, most borrowers remain unwilling to lock in for the traditional five-year mortgage term as they remain uncertain of the short- to medium-term mortgage rate outlook.
- Terms ranging from three years to less than five years remained the most popular choice. They accounted for nearly 40% ($9.0B out of $23.0) of all lending for newly extended mortgages by federally regulated financial institutions in February 2024. Variable-rate mortgages have also increased in popularity after their share reached record low levels last summer. They accounted for 15% of all lending for newly extended mortgages by federally regulated financial institutions in February 2024.

[1] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/housing-market/housing-market-outlook

Figure 1: Short-term, fixed-rate mortgages (less than 3 years) are increasing in popularity among borrowers signalling their uncertainty of the mortgage rate outlook

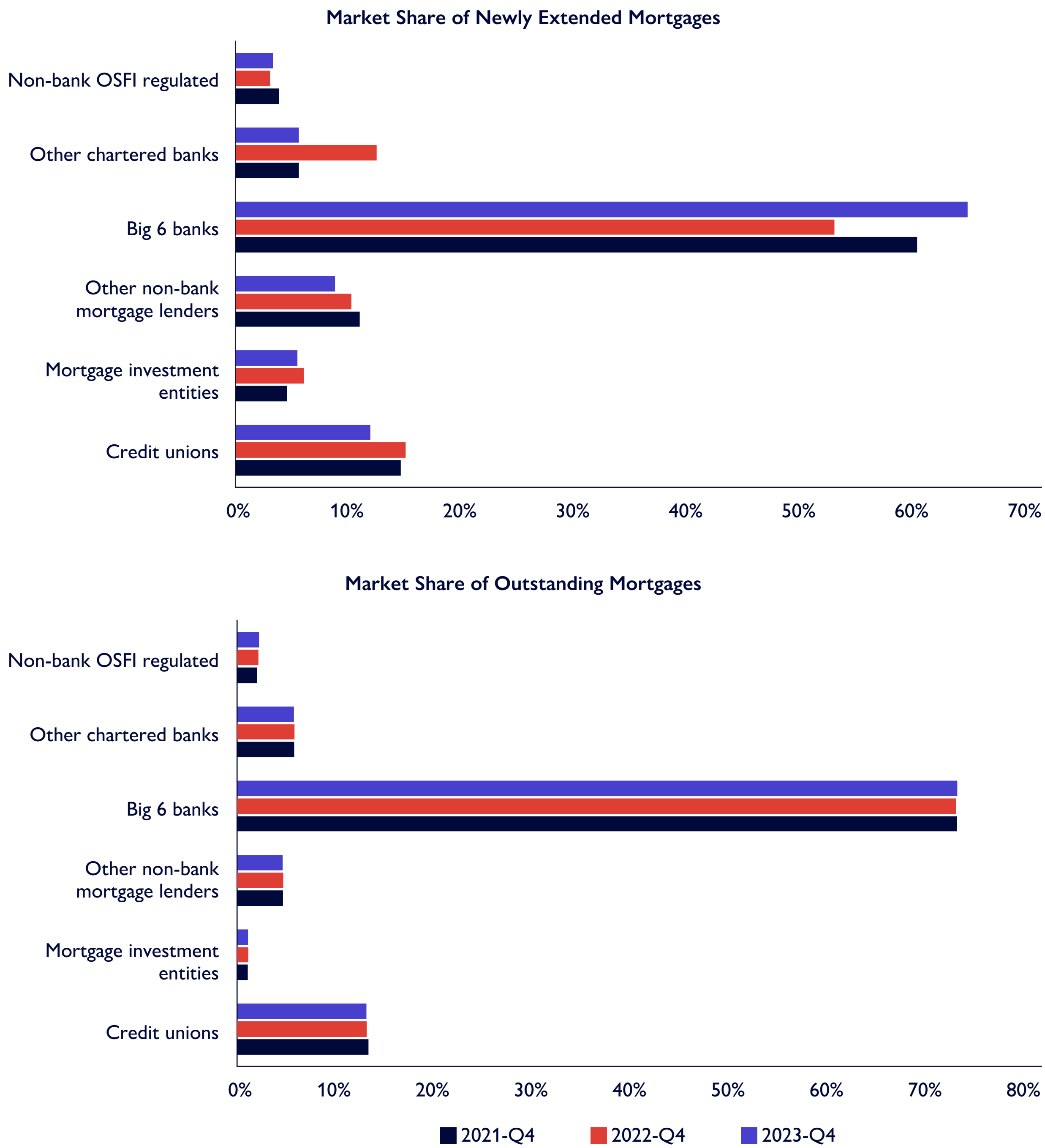


Source: Statistics Canada. Table 10-10-0006-01 Funds advanced, outstanding balances, and interest rates for new and existing lending, Bank of Canada; CMHC calculations, February 2024

- In the fourth quarter of 2023, the Big 6 banks posted the largest increase in market share year-over-year for extended mortgages (+11.8 percentage points) driven by increases in refinances and renewals (see the Traditional Lending Segment). Other chartered banks, and credit unions recorded the largest decrease in market share for extended mortgages (-6.9 and -3.1 percentage points, respectively[2]). The market share of outstanding mortgages has remained relatively consistent compared to the fourth quarter of last year. However, this varies across the country: trends in Teranet land registry data show that alternative lenders' share of mortgage transactions was just under a fifth of the mortgage market in Toronto.

[2] Other chartered banks recorded a big increase in market share of newly extended mortgages in the fourth quarter of 2022 following Equitable Bank's acquisition of Concentra Bank.

Figure 2: Big 6 banks increase their market shares in the fourth quarter of 2023



Source: Survey of Non-Bank Mortgage Lenders, CMHC NHA MBS mortgage reporting, CMHC calculations, fourth quarter of 2023

Go Back to Table of Contents

Risks and Vulnerabilities to the Housing Finance System

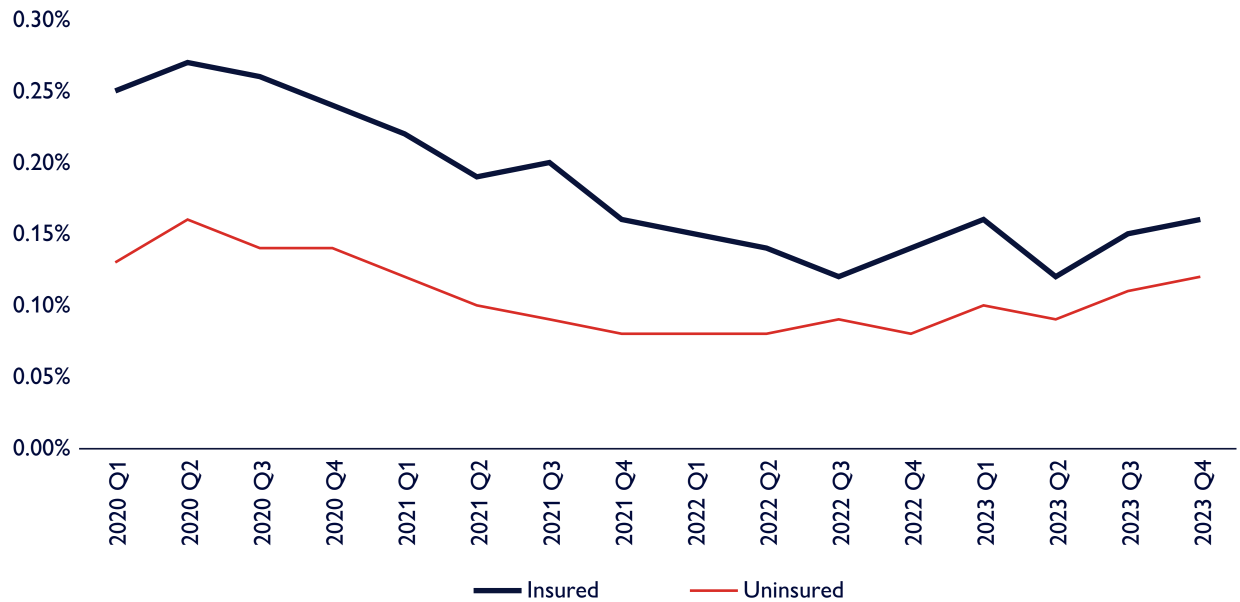
Mortgage delinquency rates have begun to rise as borrowers' financial vulnerabilities begin to reach the mortgage market. However, this increase is on record lows and delinquency rates remain low. Further, high household debt remains a vulnerability to the financial system despite the slowdown outlined in The Big Picture.

- For the first time since the beginning of the pandemic, mortgage delinquency rates began to rise at the end of 2023 (up to 0.17% in the fourth quarter of 2023 from a low of 0.14% in the third quarter of 2022). See the Housing Finance Research-at-a-Glance, where we discuss indicators that suggest more households are in financial difficulty and that the financial buffer built up during the pandemic has been exhausted.
- Home equity line of credit (HELOC) delinquencies are also increasing (up to 0.16% in January from a low of 0.10% in the third quarter of 2022), while previous versions of this report noted increases in delinquencies among credit cards, auto loans and lines of credit. For more information and data visit Mortgage and Consumer Credit Trends Data Tables.[3] The increase in the unemployment rate at the end of 2023 compared to 2022 (to 5.3% from 4.6%)[3] is a contributing factor as job loss is the most common reason for mortgage delinquency.
- Despite the increasing economic uncertainty and high interest rate environment, outstanding mortgage debt was 3.4% higher year-over-year in February, meaning it continued to grow faster than inflation and, thus, grow in real terms. Combined with interest rates remaining unchanged, this has increased debt-servicing costs. The combination of higher cost of living and increasing debt-servicing costs has significantly affected households' budgets over the past year. In this context, the already elevated high household debt poses considerable risks to financial stability. See Exploring the Impacts of Household Debt on Canada's Economy.[4]
- For credit unions, mortgage finance companies, insurance companies and trusts, the delinquency rate for insured mortgages decreased much more since 2020 than the delinquency rate for uninsured mortgages (figure 3). In 2021, the delinquency rate for insured mortgages was nearly double that of uninsured loans, but the gap has fallen significantly and was only 40% higher in 2023.

[3] Labour force characteristics by province and economic region, three-month moving average ending in December 2022 and December 2023, unadjusted for seasonality (statcan.gc.ca). https://www150.statcan.gc.ca/n1/daily-quotidien/240105/t009a-eng.htm

[4] https://www.cmhc-schl.gc.ca/blog/2023/risks-canadas-economy-remain-high-household-debt-levels-continue-grow

Figure 3: Mortgage delinquency rate by insurance status — Based on the number of accounts 90 days or more past due, across credit unions, mortgage finance companies, insurance companies and trusts



Source: Survey of Non-Bank Mortgage Lenders, CMHC calculations

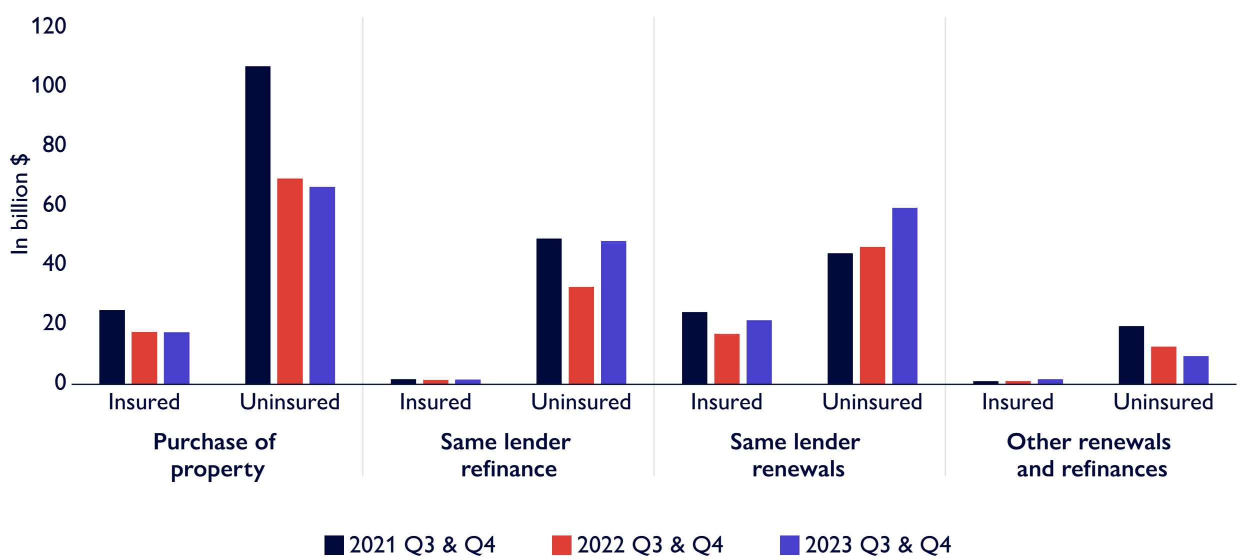
Go Back to Table of Contents

Traditional Lending Segment

The traditional lending segment saw a slowdown in mortgages for the purchase of property, but that was more than offset by increases in renewals and refinances. Lower loan-to-value and debt service ratios in 2023 compared to 2022 have lowered the risk, but the persistence of longer amortizations and the continued trend toward uninsured mortgages are increasing risk.

- Chartered banks saw more activity in the second half of 2023 compared to the second half of 2022 as increases in same lender renewals (+45%) and same lender refinances (+28%) more than offset a decrease in lending for the purchase of properties (-3%) and other renewals and refinances (-19%). One reason renewals increased is the trend toward shorter-term mortgages, which began in 2022, and those mortgages are starting to come up for renewal. After decreasing in 2022 due to higher interest rates, refinances increased as mortgage interest rates fell slightly in 2023. This allowed vulnerable borrowers to consolidate their debt. The stress test that applies to borrowers that switch lender during renewals may explain why other renewals and refinances fell despite the increase for same lender renewals and refinances.

Figure 4: Increases in mortgage renewals and refinances allowed chartered bank activity to increase but overall activity remains well below 2021



Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations, 2023

- Loan-to-value (LTV) ratios have been trending down after peaking in 2019, but the trend of mortgages with long amortizations continued. Nearly two out of three newly extended mortgages had an amortization longer than 25 years in the second half of 2023, compared to only half in 2020. Therefore, the risk of a mortgage exceeding the value of the property in the event of a decline in prices is lower at origination, but higher as more time passes.
- New mortgage borrowers' payments are taking up a smaller portion of their income in the second half of 2023, with fewer borrowers having a total debt service (TDS) ratio above 50%. After reaching a peak of 16.6% in the last quarter of 2022, the share of borrowers with high TDS ratios fell to 13.8% in the second half of 2023. Therefore, fewer borrowers have a significant debt-servicing burden. However, this figure still exceeds the level seen before the Bank of Canada began increasing interest rates.
- The trend toward uninsured mortgages continued. Across chartered banks, 73% of outstanding residential mortgages were uninsured in the fourth quarter of 2023, much more than in the fourth quarter of 2016 when only 47% of mortgages were uninsured. A look into non-bank mortgage lenders reveals a similar trend in recent years (up to 67% in the fourth quarter of 2023 from 60% in the fourth quarter of 2020). This exposes lenders to potential losses in the event of default.

Table 1: Lender risk metrics remained stable from 2022 to 2023 (by share of borrowers)

TDS Ratio	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Greater than 50%	12.1%	12.1%	12.7%	13.6%	14.0%	12.6%	14.6%	16.6%	16.1%	15.5%	13.4%	14.4%
40% to 50%	38.2%	39.9%	41.7%	41.9%	43.8%	45.9%	46.3%	46.5%	46.3%	45.5%	46.7%	47.3%
Less than 40%	49.7%	48.0%	45.6%	44.5%	42.1%	41.5%	39.1%	36.9%	37.6%	39.0%	39.9%	38.3%

Amortization	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
25 years or less	49.6%	47.2%	43.8%	42.8%	38.1%	37.4%	41.4%	39.7%	37.4%	36.5%	37.7%	37.3%
Over 25 years	50.4%	52.8%	56.2%	57.2%	61.9%	62.6%	58.6%	60.3%	62.6%	63.5%	62.3%	62.7%

LTV Ratio	2018	2019	2020	2021	2022	2023
Less than 65%	41.1%	37.9%	37.1%	38.2%	39.8%	40.7%
Between 65% and 75%	18.0%	18.2%	17.8%	17.5%	16.7%	16.4%
Greater than 75%	40.9%	43.9%	45.2%	44.3%	43.5%	42.9%

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations, 2023

Go Back to Table of Contents

Alternative Lending Segment

In contrast to traditional lenders, the largest alternative lenders have seen two consecutive quarters of decreases in assets under management and have seen an uptick in the level of risk associated with their lending activities compared to 2022.

- The assets under management of the top 25 mortgage investment entities (MIEs) in Canada decreased by 2.1% in the fourth quarter of 2023 (year-over-year), marking the second consecutive quarter of decline. Overall, mortgage debt in Canada grew by 3.5% over the same period. This illustrates that the market had adjusted to higher interest rates, thus the temporary boost to MIEs reported in last fall's Residential Mortgage Industry Report is subsiding.
- In the fourth quarter of 2023 the alternative lender risk portfolio increased (year-over-year) as evidenced by higher defaults and foreclosures in both the single-family and multi-family segments. Additionally, their proportion of first lien mortgages decreased, thereby heightening their vulnerability to amplified losses in the event of default. However, other risk metrics have improved. The average loan-to-value ratio on newly originated mortgages remains stable and relatively low. Additionally, both lending rate and investors' yield increased, while the debt-to-capital remains relatively constant. Furthermore, the share price of publicly traded MIEs has risen to start the year, suggesting a shift in investors' appetite toward high-yielding funds/stocks.

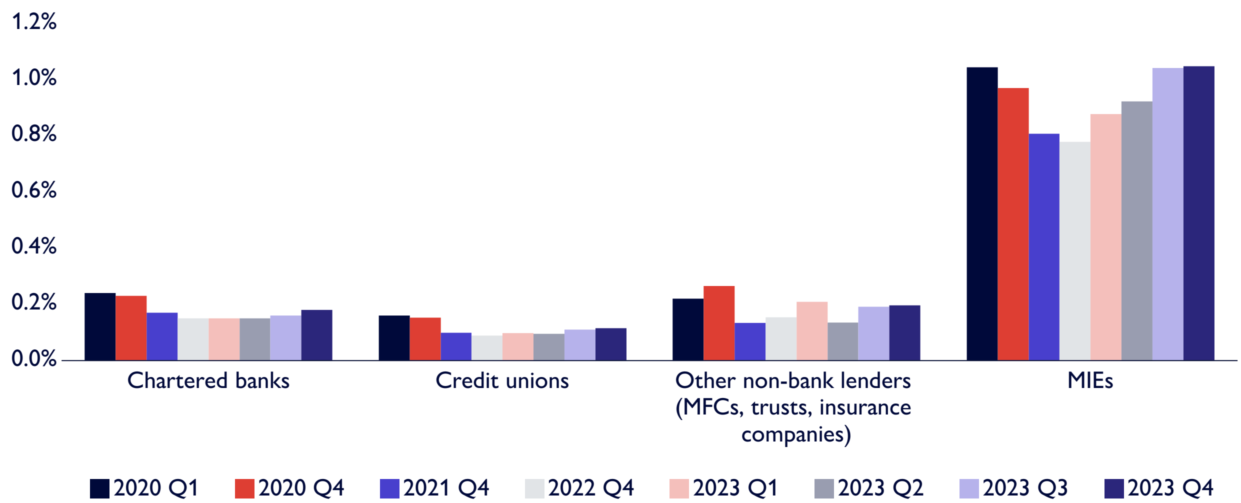
Table 2: Insights into mortgage investment entities indicate an uptick in their risk profile

	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023
Assets under management (AUM) in M$ of top 25 MICs	10,168	10,489	10,427	10,564	10,196	10,287	10,207
Average lending rate to single family	7.6%	7.80%	8.3%	8.6%	8.9%	9.5%	10.4%
Average share of first mortgages — Single-family	80.3%	79.8%	80.1%	79.2%	75.5%	75.5%	74.8%
Average loan-to-value (LTV) ratio — Single-family	57.5%	57.6%	58.0%	58.0%	55.9%	57.6%	57.9%
Debt-to-capital — Single-family	23.0%	24.4%	23.0%	21.8%	21.7%	21.7%	22.7%
Delinquency of 60 days or more — Single-Family	1.61%	1.88%	1.7%	2.4%	2.7%	2.7%	4.7%
Foreclosure rate — Single-family	0.86%	1.11%	1.3%	1.4%	1.4%	1.5%	3.8%

Geographical distribution	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023
British Columbia	41.7%	41.1%	41.2%	40.8%	40.4%	40.5%	40.4%
Alberta	6.3%	6.4%	5.9%	5.9%	6.3%	6.4%	6.3%
Ontario	43.9%	44.1%	44.9%	45.6%	46.3%	46.6%	46.3%
Quebec	6.7%	6.7%	5.0%	6.3%	5.4%	4.8%	5.4%
Others	1.4%	1.7%	3.0%	1.5%	1.7%	1.7%	1.7%

Source: Mortgage Investment Corporations (MIC) Survey, Fundamental Research Corp., fourth quarter of 2023[5]

Figure 5: Mortgages in arrears (delinquent for 90 or more days) increased for all lender types



Source: Survey of Non-Bank Mortgage Lenders and Canadian Bankers Association, 2023

[5] Note: Due to a change in methodology for calculating averages implemented in this edition, the numbers presented in this report cannot be directly compared to those in previous editions.

- Delinquency rates have increased for all lender types, with the unregulated segment experiencing the most significant rise compared to the fourth quarter of 2022. MIEs' delinquency rates have reached (and sustained) pre-pandemic levels since the second half of 2023. Despite this, delinquency rates remain historically low for chartered banks.
- Exit strategies from the alternative lending[6] space are crucial, outlining how borrowers plan to transition out of high-risk loans without defaulting. Recent data show that while the exit strategies remain effective in preventing defaults in the alternative lending sector, their success is largely attributable to borrowers selling their homes (see table 3). This trend is partly attributable to an increase in interest rates, making it more challenging to refinance with a traditional lender and maintain long-term agreements. Consequently, selling the property often emerges as the only feasible option to avoid default, indicating a reliance on property sales rather than deliberate financial planning.

Table 3: Successful exit strategies are increasingly achieved through selling the property

	2018	2019	2020	2021	2022	2023
Switched back to conventional lender	68%	74%	74%	69%	25%	46%
Sold the property	32%	26%	26%	31%	75%	54%

Source: Teranet data, CMHC calculations, 2023

[6] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/research-reports/housing-finance/alternative-lenders-series/effective-exit-strategies

Go Back to Table of Contents

Housing Finance Research-at-a-Glance

This section explores selected trends that tend to have a long-term impact on the residential mortgage industry. As these trends evolve over time, they should be further explored by both policy makers and the financial industry to understand the potential consequences from a financial stability perspective.

A. Pandemic financial buffer looks to be exhausted: Borrowers' bankruptcy scores return to pre-pandemic norms

Since the Fall 2022 Residential Mortgage Industry Report, mortgage delinquency rates have been staying at all-time lows, despite some economic challenges facing the country (notably, higher interest rates and higher inflation). Despite these low delinquency rates, we noted signs of financial difficulty in an increasing number of borrowers, for instance with delinquencies in other credit products increasing.

Equifax Canada's Bankruptcy Navigator Index (BNI) further reveals increasing signs of stress among Canadians. This index predicts the likelihood of borrower bankruptcy within the next 24 months (low score means higher risk of bankruptcy). Essentially, the BNI is much like a credit score—known as the Equifax Risk Score (ERS) when using Equifax data—with the credit score predicting default and the BNI predicting bankruptcy.[7]

Focusing on borrowers with a mortgage and/or a HELOC as a proxy for homeowners, there are two trends in borrower BNI scores over the past year that show increasing vulnerability for both Canadian borrowers and financial institutions: borrowers with higher probability of bankruptcy have increased their debt on average, and there are more borrowers with a high probability of bankruptcy. Low BNI score borrowers could still have high ERS scores, a situation which is often caused by borrowers taking out new debt to service their existing debt. To show the distinction, we have identified two categories: high ERS/low BNI, and low ERS/low BNI.

Average debt among borrowers was relatively stable up until the pandemic for borrowers with low BNI scores (figure 6). In 2020, the ratio began to fall as pandemic support programs and lower spending allowed borrowers to pay down their debt and improve their scores. Since mid-2022, however, the levels have returned to pre-pandemic levels for borrowers with low ERS and low BNI scores and increased above the average for high ERS and low BNI scores. With this rise in outstanding debt for borrowers with a low BNI, we anticipate greater impact on the financial system as more debt is expected to end up in bankruptcy over the next two years.

Average debt can increase either because borrowers are able to take on more debt despite their low BNI score, or because borrowers with higher average debt are seeing their BNI score decrease. Table 4 shows the share of borrowers that fall into each of our categories since the start of the pandemic. As can be seen, much like the average outstanding debt, the number of borrowers with a low BNI score fell with the pandemic support programs and lower spending. Since mid-2022 this has returned to levels seen at the beginning of the pandemic for the low ERS and low BNI category.

The return of these indicators to pre-pandemic norms may be an indication that the financial buffer Canadians built up during the pandemic has been exhausted and they are beginning to become overstretched. Therefore, as Canadians continue to deal with high inflation and high interest rates, mortgage delinquency rates may begin to rise in this market segment. As the BNI is designed, this could happen over the next two years. For more technical analysis and results for specific CMAs, please see our technical report.

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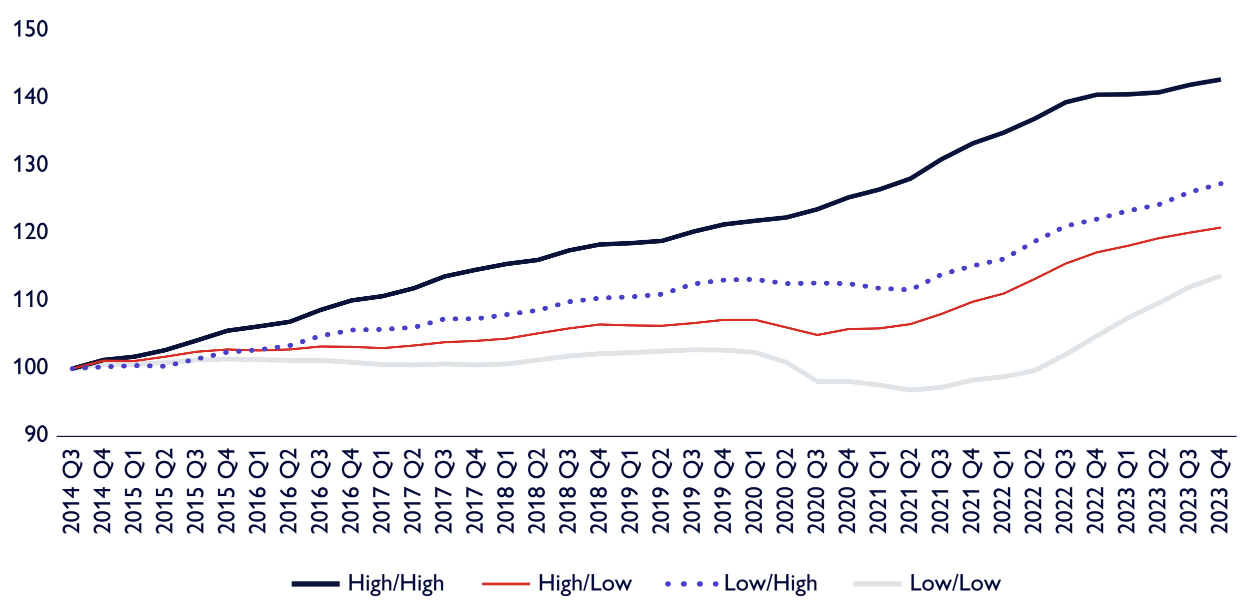
[7] There is also a difference in timing as the ERS only predicts default over the next 12 months, while BNI predicts bankruptcy over the next 24 months. For more details on the indicators, for the BNI see https://www.consumer.equifax.ca/business/bankruptcy-navigator-index/ and for the ERS see https://www.consumer.equifax.ca/business/equifax-risk-score/. BNI scores below 885 are considered low, while ERS scores below 660 are considered low.

Table 4: The share of borrowers with a high likelihood of bankruptcy decreased during the pandemic but has been climbing since 2022

Equifax Risk Score / Bankruptcy Navigator Index	High/High	High/Low	Low/High	Low/Low	Total Low BNI
Average 2016–2019	86.66%	3.63%	3.27%	6.44%	10.07%
2020 Q1	87.25%	3.42%	2.97%	6.35%	9.77%
2020 Q2	88.16%	3.23%	2.94%	5.67%	8.91%
2020 Q3	88.90%	3.03%	2.96%	5.11%	8.15%
2020 Q4	88.95%	2.99%	2.87%	5.19%	8.18%
2021 Q1	89.32%	2.88%	2.74%	5.06%	7.94%
2021 Q2	89.83%	2.80%	2.65%	4.73%	7.53%
2021 Q3	89.91%	2.75%	2.66%	4.68%	7.43%
2021 Q4	89.95%	2.76%	2.63%	4.67%	7.43%
2022 Q1	90.01%	2.75%	2.58%	4.67%	7.42%
2022 Q2	90.16%	2.75%	2.51%	4.58%	7.33%
2022 Q3	89.95%	2.83%	2.49%	4.73%	7.56%
2022 Q4	89.73%	2.93%	2.45%	4.89%	7.82%
2023 Q1	89.56%	2.99%	2.40%	5.05%	8.04%
2023 Q2	89.48%	3.02%	2.36%	5.14%	8.16%
2023 Q3	89.19%	3.08%	2.39%	5.34%	8.42%
2023 Q4	88.99%	3.11%	2.40%	5.51%	8.62%

Source: Equifax Canada, CMHC calculations

Figure 6: Total debt among borrowers with a high probability of bankruptcy has increased since 2022, returning to pre-pandemic norms



Source: Equifax Canada, CMHC calculations

B. Mortgage debt risk

Since March 2022, the Bank of Canada (BoC) has increased its overnight loans' rate from 0.25% to 5%. This pushed mortgage rates to and above 6.5%. In the context of higher interest rates and increased uncertain economic conditions, we ask two simple questions:

1. How much more risk is there in the mortgage market in this higher interest rate environment?
2. Would increasing amortization from 30 years to 40 years help to substantially mitigate the risk?

Our main findings are that:

- the **risk in the mortgage market has likely more than doubled;** and
- **increasing the amortization schedule from 30 to 40 years would likely have little effect on reducing that risk**.

Using data from the 2019 Survey of Financial Security, a comprehensive dataset on households' financial positions, we estimate what percentage of homeowners with mortgages would not be able to cover their essential life expenses as well as their new mortgage payments upon renewal given the current interest rates (scenario 1). We assume that households who renew their mortgages re-amortize them over 30 years. For those whose income is not sufficient to cover their expenses, we estimate how many months they could fill in the gap with their liquid assets before they run out of resources. We repeat this analysis also with a 15% higher unemployment rate relative to 2019 (scenario 2) and again with a 40-year amortization instead of a 30-year amortization (scenario 3). We then compare these two scenarios to our baseline in which we use the 2019 unemployment rate and households' 2019 mortgage rates. Table 5 provides a quick overview of each scenario we explore.

As shown in figure 7 below, in the baseline scenario 4% of homeowners with mortgages would not be able to sustain their mortgage payments and other essential expenses for more than three months. In our counterfactual simulations with current mortgage rates and the 2019 unemployment rate, more than 8% of homeowners with mortgages would not be able to keep making their mortgage payments and afford their life essentials. Scenario 3 suggests that a 15% higher unemployment rate would increase the risk, but not substantially so.

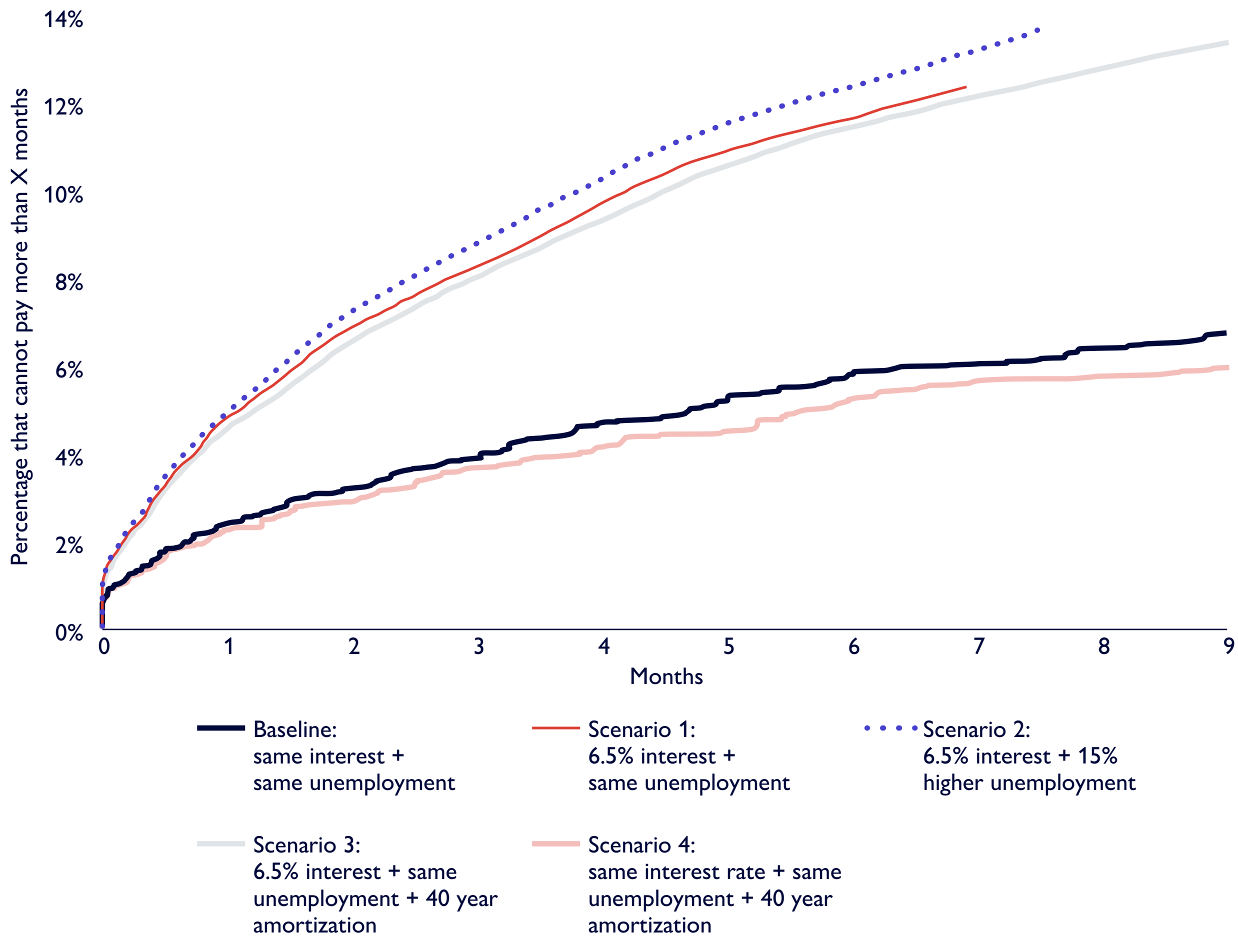
Further, we also explored if extending amortization schedules from 30 years to 40 years would mitigate the risk in the mortgage market. Our simulations suggest that extending the amortization schedules from 30 to 40 years would only negligibly reduce the risk in the mortgage market. Relative to the recent increase in interest rates, extending the amortization schedules has little impact on the monthly payments. With current interest rates, raising the amortization schedule from 30 to 40 years would reduce monthly mortgage payments by only 5%. Raising the amortization schedules would be more effective at reducing monthly mortgage payments when interest rates are low (scenario 4). The difference between the baseline and scenario 4 is larger than the difference between the first and third scenarios.

This analysis does not measure mortgage default, as homeowners may choose to sell their home pre-emptively if they know they cannot sustain their mortgage payments for long and some homeowners may be able to rely on other income (such as family support) to fill in a gap in their expenses.

Table 5: Scenarios used in the simulation

Scenario	Description
Baseline (blue line)	Same interest rates and same unemployment rates as in 2019
1 (red line)	Baseline + 6.5% interest rates
2 (dotted, purple line)	Scenario 1 + 15% higher unemployment rates than in 2019
3 (gray line)	Scenario 1 + 40-year amortization instead of 30 years
4 (pink line)	Baseline + 40-year amortization instead of 30 years

Figure 7: Estimated percentage of mortgage holders at high risk of not being able to pay their monthly mortgage payments



Go Back to Table of Contents

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Alternative text and data for figures

Figure 1: Short-term, fixed-rate mortgages (less than 3 years) are increasing in popularity among borrowers signalling their uncertainty of the mortgage rate outlook

Components	Share of fixed 5-year, and more	Share 3 ≤ fixed < 5	Share 1 ≤ fixed < 3	Share of fixed, less than 1 year	Share variable
Jan 2020	46%	27%	15%	6%	7%
Feb 2020	45%	26%	16%	5%	8%
Mar 2020	45%	23%	12%	6%	15%
Apr 2020	43%	19%	11%	5%	24%
May 2020	42%	18%	11%	4%	25%
Jun 2020	45%	17%	10%	4%	24%
Jul 2020	45%	16%	9%	4%	26%
Aug 2020	47%	15%	9%	4%	26%
Sep 2020	49%	16%	8%	3%	24%
Oct 2020	49%	17%	7%	3%	23%
Nov 2020	47%	19%	7%	3%	23%
Dec 2020	44%	22%	7%	3%	24%
Jan 2021	39%	26%	7%	3%	25%
Feb 2021	40%	25%	6%	2%	26%
Mar 2021	42%	22%	6%	2%	28%
Apr 2021	35%	19%	7%	2%	37%
May 2021	31%	17%	7%	3%	43%
Jun 2021	30%	15%	7%	2%	46%
Jul 2021	23%	15%	8%	3%	51%
Aug 2021	20%	14%	8%	3%	55%
Sep 2021	20%	14%	9%	3%	55%
Oct 2021	22%	12%	8%	3%	54%
Nov 2021	24%	12%	8%	3%	53%
Dec 2021	23%	11%	9%	3%	55%
Jan 2022	21%	10%	9%	3%	57%
Feb 2022	21%	12%	9%	2%	56%
Mar 2022	20%	12%	9%	2%	56%
Apr 2022	22%	11%	10%	3%	54%
May 2022	23%	12%	11%	3%	52%
Jun 2022	22%	13%	12%	3%	50%
Jul 2022	21%	13%	14%	3%	48%
Aug 2022	18%	14%	19%	4%	45%
Sep 2022	16%	17%	23%	5%	39%
Oct 2022	16%	22%	28%	5%	29%

Components	Share of fixed 5-year, and more	Share 3 ≤ fixed < 5	Share 1 ≤ fixed < 3	Share of fixed, less than 1 year	Share variable
Nov 2022	16%	26%	31%	4%	23%
Dec 2022	14%	26%	34%	5%	22%
Jan 2023	13%	28%	36%	6%	17%
Feb 2023	14%	33%	36%	6%	11%
Mar 2023	13%	38%	34%	6%	9%
Apr 2023	12%	41%	33%	6%	8%
May 2023	12%	45%	29%	6%	7%
Jun 2023	12%	52%	25%	6%	6%
Jul 2023	15%	53%	22%	5%	5%
Aug 2023	17%	51%	21%	5%	6%
Sep 2023	18%	45%	23%	6%	8%
Oct 2023	17%	40%	25%	7%	11%
Nov 2023	16%	37%	24%	7%	16%
Dec 2023	14%	33%	25%	8%	20%
Jan 2024	12%	33%	27%	8%	20%
Feb 2024	12%	39%	26%	7%	15%

Source: Statistics Canada. Table 10-10-0006-01 Funds advanced, outstanding balances, and interest rates for new and existing lending, Bank of Canada; CMHC calculations, February 2024

Figure 2: Big 6 banks increase their market shares in the fourth quarter of 2023

Market Share of Newly Extended Mortgages

Extended	2021-Q4	2022-Q4	2023-Q4
Credit unions	14.6%	15.1%	11.9%
Mortgage investment entities	4.5%	6.1%	5.5%
Other non-bank mortgage lenders	11.0%	10.3%	8.8%
Big 6 banks	60.4%	53.0%	64.8%
Other chartered banks	5.6%	12.5%	5.6%
Non-bank OSFI regulated	3.9%	3.1%	3.3%

Market Share of Outstanding Mortgages

Outstanding	2021-Q4	2022-Q4	2023-Q4
Credit unions	13.3%	13.2%	13.1%
Mortgage investment entities	1.1%	1.1%	1.1%
Other non-bank mortgage lenders	4.6%	4.7%	4.6%
Big 6 banks	73.1%	73.0%	73.1%
Other chartered banks	5.8%	5.8%	5.8%
Non-bank OSFI regulated	2.1%	2.2%	2.2%

Source: Survey of Non-Bank Mortgage Lenders, CMHC NHA MBS mortgage reporting, CMHC calculations, fourth quarter of 2023

Figure 3: Mortgage delinquency rate by insurance status — Based on the number of accounts 90 days or more past due, across credit unions, mortgage finance companies, insurance companies and trusts

Quarter	Insured	Uninsured
2020 Q1	0.25%	0.13%
2020 Q2	0.27%	0.16%
2020 Q3	0.26%	0.14%
2020 Q4	0.24%	0.14%
2021 Q1	0.22%	0.12%
2021 Q2	0.19%	0.10%
2021 Q3	0.20%	0.09%
2021 Q4	0.16%	0.08%
2022 Q1	0.15%	0.08%
2022 Q2	0.14%	0.08%
2022 Q3	0.12%	0.09%
2022 Q4	0.14%	0.08%
2023 Q1	0.16%	0.10%
2023 Q2	0.12%	0.09%
2023 Q3	0.15%	0.11%
2023 Q4	0.16%	0.12%

Source: Survey of Non-Bank Mortgage Lenders, CMHC calculations

Figure 4: Increases in mortgage renewals and refinances allowed chartered bank activity to increase but overall activity remains well below 2021 (In billion $)

		2021 Q3 & Q4	2022 Q3 & Q4	2023 Q3 & Q4
Purchase of property	Insured	25	18	17
	Uninsured	107	69	67
Same lender Refinance	Insured	2	2	2
	Uninsured	49	33	48
Same lender Renewals	Insured	24	17	22
	Uninsured	44	46	59
Other renewals and refinances	Insured	1	1	2
	Uninsured	20	13	10

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations, 2023

Figure 5: Mortgages in arrears (delinquent for 90 or more days) increased for all lender types

Quarter	Chartered banks	Credit unions	Other non-bank lenders (MFCs, trusts, insurance companies)	MIEs
2020 Q1	0.24%	0.16%	0.22%	1.04%
2020 Q2	0.26%	0.18%	0.29%	1.05%
2020 Q3	0.25%	0.16%	0.29%	1.02%
2020 Q4	0.23%	0.15%	0.27%	0.97%
2021 Q1	0.22%	0.13%	0.25%	0.88%
2021 Q2	0.19%	0.12%	0.19%	0.86%
2021 Q3	0.18%	0.11%	0.19%	0.87%
2021 Q4	0.17%	0.10%	0.13%	0.81%
2022 Q1	0.15%	0.10%	0.13%	0.76%
2022 Q2	0.14%	0.10%	0.12%	0.69%
2022 Q3	0.14%	0.09%	0.12%	0.74%
2022 Q4	0.15%	0.09%	0.15%	0.78%
2023 Q1	0.15%	0.10%	0.21%	0.88%
2023 Q2	0.15%	0.10%	0.14%	0.92%
2023 Q3	0.16%	0.11%	0.19%	1.04%
2023 Q4	0.18%	0.12%	0.20%	1.05%

Source: Survey of Non-Bank Mortgage Lenders and Canadian Bankers Association, 2023

Figure 6: Total debt among borrowers with a high probability of bankruptcy has increased since 2022, returning to pre-pandemic norms

Quarter	High–High	High–Low	Low–High	Low–Low
2014 Q3	100	100	100	100
2014 Q4	101	101	100	101
2015 Q1	102	101	100	101
2015 Q2	103	102	100	101
2015 Q3	104	103	101	101
2015 Q4	106	103	102	101
2016 Q1	106	103	103	101
2016 Q2	107	103	103	101
2016 Q3	109	103	105	101
2016 Q4	110	103	106	101
2017 Q1	111	103	106	101
2017 Q2	112	103	106	101
2017 Q3	114	104	107	101
2017 Q4	115	104	107	101
2018 Q1	115	104	108	101
2018 Q2	116	105	109	101

Quarter	High–High	High–Low	Low–High	Low–Low
2018 Q3	117	106	110	102
2018 Q4	118	107	110	102
2019 Q1	119	106	111	102
2019 Q2	119	106	111	103
2019 Q3	120	107	113	103
2019 Q4	121	107	113	103
2020 Q1	122	107	113	102
2020 Q2	122	106	113	101
2020 Q3	124	105	113	98
2020 Q4	125	106	113	98
2021 Q1	127	106	112	98
2021 Q2	128	107	112	97
2021 Q3	131	108	114	97
2021 Q4	133	110	115	98
2022 Q1	135	111	116	99
2022 Q2	137	113	119	100
2022 Q3	139	116	121	102
2022 Q4	141	117	122	105
2023 Q1	141	118	123	108
2023 Q2	141	119	124	110
2023 Q3	142	120	126	112
2023 Q4	143	121	127	114

Source: Equifax Canada, CMHC calculations

Go Back to Table of Contents